

Vietnam Dairy Products Joint Stock Company

Separate financial statements
for the year ended 31 December 2019



Vietnam Dairy Products Joint Stock Company

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Vietnam Dairy Products Joint Stock Company Corporate Information

Business Registration Certificate No.

4103001932
0300588569

20 November 2003
12 October 2018

The Company's business registration certificate has been amended several times, the most recent of which is by the Business Registration Certificate No. 0300588569 dated 12 October 2018. The business registration certification and its updates were issued by Ho Chi Minh City Planning and Investment Department.

Board of Directors

Mdm. Le Thi Bang Tam	Chairwoman
Mdm. Mai Kieu Lien	Member
Mr. Lee Meng Tat	Member
Ms. Dang Thi Thu Ha	Member
Mr. Le Thanh Liem	Member
Mr. Michael Chye Hin Fah	Member
Mr. Nguyen Ba Duong	Member
Mr. Do Le Hung	Member
Mr. Nguyen Chi Thanh	Member (until 15 August 2019)
Mr. Alain Xavier Cany	Member

Board of Management

Mdm. Mai Kieu Lien	Chief Executive Officer
Ms. Bui Thi Huong	Executive Director – Human Resource, Administration and Public Relation
Mr. Mai Hoai Anh	Executive Director – International Sales
Mr. Le Thanh Liem	Executive Director – Finance
Mr. Phan Minh Tien	Executive Director – Marketing
Ms. Nguyen Thi Thanh Hoa	Executive Director – Supply chain
Mr. Tran Minh Van	Executive Director – Production
Mr. Nguyen Quoc Khanh	Executive Director – Research and Development
Mr. Trinh Quoc Dung	Executive Director – Raw Materials Development

Registered Office

10 Tan Trao, Tan Phu Ward
District 7, Ho Chi Minh City
Vietnam

Auditor

KPMG Limited
Vietnam

Vietnam Dairy Products Joint Stock Company
Statement of the Board of Management

**STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT IN
RESPECT OF THE SEPARATE FINANCIAL STATEMENTS**

The Board of Management is responsible for the separate financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2019 and of the unconsolidated results of operations and unconsolidated cash flows for the year then ended. In preparing these separate financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the unconsolidated financial position of the Company and which enable these separate financial statements to be prepared which comply with Vietnamese Accounting Standard, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements set out on pages 4 to 55, which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2019, and of the unconsolidated results of operations and unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Management



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 30 January 2020

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Vietnam Dairy Products Joint Stock Company
Separate statement of financial position as at 31 December 2019

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		19,828,855,240,231	18,505,885,806,390
Cash and cash equivalents	110	V.1	957,162,717,036	1,011,235,212,807
Cash	111		957,162,717,036	661,235,212,807
Cash equivalents	112		-	350,000,000,000
Short-term financial investments	120		11,100,023,488,016	8,576,023,488,016
Trading securities	121	V.4(a)	23,488,016	442,023,488,016
Held-to-maturity investments	123	V.4(b)	11,100,000,000,000	8,134,000,000,000
Accounts receivable – short-term	130		3,809,794,002,288	4,240,430,117,730
Accounts receivable from customers	131	V.2(a)	3,116,906,545,692	3,167,242,749,247
Prepayments to suppliers	132		409,722,725,814	784,177,881,246
Other short-term receivables	136	V.3(a)	283,304,534,384	290,019,413,401
Allowance for doubtful debts	137	V.2(d)	(139,803,602)	(1,009,926,164)
Inventories	140	V.5	3,876,560,751,360	4,531,768,842,734
Inventories	141		3,882,519,278,278	4,537,109,343,892
Allowance for inventories	149		(5,958,526,918)	(5,340,501,158)
Other current assets	150		85,314,281,531	146,428,145,103
Short-term prepaid expenses	151	V.10(a)	31,700,457,310	29,661,330,846
Deductible value added tax	152		53,613,824,221	116,766,814,257

The accompanying notes are an integral part of these separate financial statements

Vietnam Dairy Products Joint Stock Company
Separate statement of financial position as at 31 December 2019 (continued)

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2019 VND	1/1/2019 VND
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		19,586,255,455,000	15,811,399,570,191
Accounts receivable – long-term	210		6,742,857,595	77,753,482,142
Long-term receivables from customer	211	V.2(b)	-	67,658,410,631
Long-term loan receivables	215		545,312,000	3,143,509,548
Other long-term receivables	216	V.3(b)	6,197,545,595	6,951,561,963
Fixed assets	220		8,729,549,347,732	8,667,870,641,168
Tangible fixed assets	221	V.6	8,658,937,515,564	8,585,708,102,136
Cost	222		16,824,777,629,185	15,442,308,786,149
Accumulated depreciation	223		(8,165,840,113,621)	(6,856,600,684,013)
Intangible fixed assets	227	V.7	70,611,832,168	82,162,539,032
Cost	228		175,341,470,053	205,265,323,268
Accumulated amortisation	229		(104,729,637,885)	(123,102,784,236)
Investment property	230	V.8	60,967,035,923	89,041,404,270
Cost	231		77,501,658,989	143,340,838,168
Accumulated depreciation	232		(16,534,623,066)	(54,299,433,898)
Long-term work in progress	240		158,002,285,957	275,020,774,555
Construction in progress	242	V.9	158,002,285,957	275,020,774,555
Long-term financial investments	250		10,220,035,050,693	6,308,420,157,396
Investments in subsidiaries	251	V.4(c)	9,609,186,706,638	5,409,592,972,201
Investments in associates	252	V.4(c)	400,369,808,669	400,369,808,669
Equity investments in other entities	253	V.4(c)	18,300,000,000	18,300,000,000
Allowance for diminution in the value of long-term financial investments	254	V.4(c)	(7,821,464,614)	(19,842,623,474)
Held-to-maturity investments	255	V.4(b)	200,000,000,000	500,000,000,000
Other non-current assets	260		410,958,877,100	393,293,110,660
Long-term prepaid expenses	261	V.10(b)	387,424,859,768	360,934,839,588
Deferred tax assets	262	V.11	23,534,017,332	32,358,271,072
TOTAL ASSETS (270 = 100 + 200)	270		39,415,110,695,231	34,317,285,376,581

The accompanying notes are an integral part of these separate financial statements

Vietnam Dairy Products Joint Stock Company
Separate statement of financial position as at 31 December 2019 (continued)

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		12,870,779,480,737	9,012,218,300,249
Current liabilities	310		12,870,779,480,737	9,011,802,452,031
Accounts payable to suppliers	311	V.12	3,223,078,473,685	3,556,103,761,054
Advances from customers	312		55,509,701,261	34,467,084,432
Taxes payable to State Treasury	313	V.13	599,157,184,017	341,650,820,232
Payables to employees	314		174,859,917,864	172,973,089,482
Accrued expenses	315	V.14	1,589,775,971,235	1,145,195,886,900
Short-term unearned revenue	318		2,111,168,658	6,910,881,322
Other short-term payables	319	V.15	1,778,358,243,046	2,547,550,227,536
Short-term borrowings	320	V.16	4,875,100,000,000	700,000,000,000
Provision – short-term	321	V.17	6,334,876,472	4,502,303,315
Bonus and welfare fund	322	V.18	566,493,944,499	502,448,397,758
Long-term liabilities	330		-	415,848,218
Long-term unearned revenue	336		-	415,848,218
EQUITY (400 = 410)	400		26,544,331,214,494	25,305,067,076,332
Owners' equity	410	V.19	26,544,331,214,494	25,305,067,076,332
Share capital	411	V.20	17,416,877,930,000	17,416,877,930,000
Treasury shares	415	V.20	(11,644,956,120)	(10,485,707,360)
Investment and development fund	418		2,197,757,087,800	1,189,241,088,198
Retained profits	421		6,941,341,152,814	6,709,433,765,494
- Retained profits brought forward	421a		4,097,346,237,994	3,501,938,263,654
- Profit for the current year	421b		2,843,994,914,820	3,207,495,501,840
TOTAL RESOURCES (440 = 300 + 400)	440		39,415,110,695,231	34,317,285,376,581

30 January 2020

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer

The accompanying notes are an integral part of these separate financial statements

Vietnam Dairy Products Joint Stock Company
Separate statement of income for the year ended 31 December 2019

Form B 02 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Three-month period ended		Year ended	
			31/12/2019 VND	31/12/2018 VND	31/12/2019 VND	31/12/2018 VND
Revenue from sales of goods and provision of services	01	VI.1	12,849,234,523,698	11,562,869,819,626	50,822,277,571,090	46,924,852,782,669
Revenue deductions	02	VI.1	9,085,565,241	2,410,907,351	50,767,036,640	31,642,748,795
Net revenue (10 = 01 - 02)	10	VI.1	12,840,148,958,457	11,560,458,912,275	50,771,510,534,450	46,893,210,033,874
Cost of sales	11	VI.2	6,509,092,334,630	5,790,008,975,923	25,736,367,936,729	23,675,568,949,025
Gross profit (20 = 10 - 11)	20		6,331,056,623,827	5,770,449,936,352	25,035,142,597,721	23,217,641,084,849
Financial income	21	VI.3	222,008,055,404	190,662,210,210	773,077,891,495	748,301,178,948
Financial expenses	22	VI.4	57,612,877,907	(4,689,810,130)	130,431,951,674	72,236,242,417
<i>In which: Interest expense</i>	23		27,752,968,756	4,707,123,285	71,983,360,977	20,506,388,664
Selling expenses	25	VI.5	3,548,712,905,716	3,217,028,066,148	12,422,237,224,199	11,705,280,893,448
General and administration expenses	26	VI.6	368,617,403,835	232,952,977,731	964,848,126,716	746,894,438,209
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		2,578,121,491,773	2,515,820,912,813	12,290,703,186,627	11,441,530,689,723
Other income	31	VI.7	18,122,469,401	78,290,079,863	118,809,957,905	365,230,910,992
Other expenses	32	VI.8	43,988,874,934	(554,372,280)	98,356,079,077	111,608,899,140
Results of other activities (40 = 31 - 32)	40		(25,866,405,533)	78,844,452,143	20,453,878,828	253,622,011,852
Profit before tax (50 = 30 + 40) (carried forward to next page)	50		2,552,255,086,240	2,594,665,364,956	12,311,157,065,455	11,695,152,701,575

The accompanying notes are an integral part of these separate financial statements



Vietnam Dairy Products Joint Stock Company
 Separate statement of income for the year ended 31 December 2019 (continued).

Form B 02 – DN
 (Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Three-month period ended		Year ended	
			31/12/2019 VND	31/12/2018 VND	31/12/2019 VND	31/12/2018 VND
Profit before tax (50 = 30 + 40) (brought forward from previous page)	50		2,552,255,086,240	2,594,665,364,956	12,311,157,065,455	11,695,152,701,575
Income tax expense – current	51	VI.10	479,818,123,233	428,297,237,895	2,217,172,815,691	1,883,006,377,719
Income tax (benefit)/expense – deferred	52	VI.10	(10,487,954,251)	(31,730,902,710)	8,824,253,740	(1,963,502,192)
Net profit after tax (60 = 50 - 51 - 52)	60		2,082,924,917,258	2,198,099,029,771	10,085,159,996,024	9,814,109,826,048

30 January 2020

Prepared by:



Le Thanh Liem
 Executive Director – Finance
 cum Chief Accountant

Approved by:



Mai Kieu Lien
 Chief Executive Officer

The accompanying notes are an integral part of these separate financial statements



Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for year ended 31 December 2019
(Indirect method)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		12,311,157,065,455	11,695,152,701,575
Adjustments for				
Depreciation and amortisation	02		1,347,561,213,895	1,115,294,783,821
Allowances and provisions	03		(5,959,719,949)	(78,278,724,619)
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		6,409,032,532	(1,320,065,859)
(Gains)/losses from disposals of investments	05		(1,513,217,384)	1,982,981,082
Losses/(gains) on disposals of fixed assets	05		6,248,250,428	(23,375,886,473)
Dividends and interest income	05		(702,846,983,082)	(691,871,437,826)
Interest expense	06		71,983,360,977	20,506,388,664
Operating profit before changes in working capital	08		13,033,039,002,872	12,038,090,740,365
Change in receivables	09		557,858,555,937	(157,643,960,173)
Change in inventories	10		647,726,425,423	(1,093,390,158,073)
Change in payables and other liabilities	11		191,265,618,099	(227,843,759,410)
Change in prepaid expenses	12		(28,333,100,424)	73,215,093,227
Change in trading securities	13		(4,480,040,000)	-
Interest paid	14		(52,247,802,195)	(20,012,553,049)
Income tax paid	15	V.13	(2,025,224,469,158)	(1,877,825,025,085)
Other receipts from operating activities	16		-	149,174,000
Other payments for operating activities	17		(941,387,753,076)	(1,148,426,598,556)
Net cash flows from operating activities	20		11,378,216,437,478	7,586,312,953,246

The accompanying notes are an integral part of these separate financial statements

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2019
(Indirect method – continued)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2019 VND	2018 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(1,479,041,601,356)	(2,550,259,508,007)
Collections on disposals of fixed assets	22		932,534,017	34,778,296,697
(Payments for)/collections on term deposits	23		(2,666,000,000,000)	1,248,977,343,833
Receipts from collecting loans	24		2,598,197,548	2,230,048,674
Receipts from sales of debt instruments of other entities	24		-	190,785,778,116
Payments for investments in other entities	25		(4,279,763,341,926)	(464,350,901,045)
Collections on investments in other entities	26		6,607,824,873	-
Receipts of interest and dividends	27		651,733,478,997	790,484,436,208
Net cash flows from investing activities	30		(7,762,932,907,847)	(747,354,505,524)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for repurchase of treasury shares	32		(1,159,248,760)	(3,325,885,560)
Proceeds from borrowings	33		7,860,050,000,000	1,750,000,000,000
Payments to settle loan principals	34		(3,690,120,000,000)	(1,050,000,000,000)
Payments of dividends	36		(7,836,250,770,500)	(7,256,172,407,500)
Net cash flows from financing activities	40		(3,667,480,019,260)	(6,559,498,293,060)

The accompanying notes are an integral part of these separate financial statements

Vietnam Dairy Products Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2019
(Indirect method – continued)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2019 VND	2018 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50		(52,196,489,629)	279,460,154,662
Cash and cash equivalents at the beginning of the year	60		1,011,235,212,807	733,003,539,943
Effect of exchange rate fluctuations on cash and cash equivalents	61		(1,876,006,142)	(1,228,481,798)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	V.1	957,162,717,036	1,011,235,212,807

30 January 2020

Prepared by:



Le Thanh Liem
*Executive Director – Finance
 cum Chief Accountant*

Approved by:



Mai Kieu Lien
Chief Executive Officer

The accompanying notes are an integral part of these separate financial statements

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2019

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying separate financial statements.

I. CORPORATE INFORMATION

1. Ownership structure

Vietnam Dairy Products Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam.

Major milestones related to the establishment and development of Vietnam Dairy Products Joint Stock Company (“the Company”) are achieved as follows:

- 29 April 1993: Vietnam Dairy Products Company was established according to Decision No. 420/CNN/TCLD issued by the Ministry of Light Industry in form of a State-owned Enterprise.
- 1 October 2003: The Company was equitised from a State-owned Enterprise of the Ministry of Industry according to Decision No. 155/2003/QĐ-BCN.
- 20 November 2003: The Company was registered to be a joint stock company and began operating under Enterprise Laws of Vietnam and its Business Registration Certificate No. 4103001932 was issued by Ho Chi Minh City Planning and Investment Department.
- 28 December 2005: The State Securities Commission of Vietnam issued Listed Licence No. 42/UBCK-GPNY.
- 19 January 2006: The Company’s shares were listed on Ho Chi Minh City Stock Exchange.

2. Principal activities

The principal activities of the Company are to:

- Process, manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- Trade in food technology, spare parts, equipment, materials and chemicals;
- Trade in real estate, own or lease land use rights (according to rule No. 11.3 of 2014 Real Estate Law);
- Trade in warehouse, yards;
- Provide internal transportation by cars for manufacturing and consuming Company’s products;
- Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee (not manufacturing and processing at the head office);
- Manufacture and sell plastic, packaging (not manufacturing at the head office);
- Provide healthcare clinic services (not at the head office);
- Raise cattle, cultivation; and
- Retail sugar, milk and products from milk, bread, jam, candy and products processed from cereal, flour, starch and other food.



Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

3. Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

4. Group structure

As at 31 December 2019, the Company had 10 subsidiaries and 14 associates (1/1/2019: 7 subsidiaries and 3 associates) and dependent units as follows:

(a) Subsidiaries

Name	Location	Principal activities	Economic interest	
			31/12/2019	1/1/2019
Directly owned subsidiaries				
▪ Vietnam Dairy Cow One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City	Dairy cow raising	100.00%	100.00%
▪ Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	Ward 1, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province	Milk production and cattle raising	100.00%	100.00%
▪ Driftwood Dairy Holding Corporation	No. 10724, Street Lower Azusa and El Monte Boulevards Intersection, California 91731-1390, United States	Milk production	100.00%	100.00%
▪ Angkor Dairy Products Co., Ltd.	Lot P2-096 and P2-097, Phnom Penh Special Economic Zone (PPSEZ), National Highway 4, Khan posenchey, Phnom Penh, Kingdom of Cambodia	Milk production	100.00%	100.00%
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Ul, Gwiazdzista 7a/401-651 Warszawa, Poland	Dairy raw materials and animal trading	100.00%	100.00%
▪ Vietnam Sugar Joint Stock Company	Thuy Xuong Village, Suoi Hiep Commune, Dien Khanh District, Khanh Hoa Province	Sugar producing and refining	65.00%	65.00%

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Name	Location	Principal activities	Economic interest	
			31/12/2019	1/1/2019
▪ Lao-Jagro Development Xiengkhouang Co., Ltd.	Boungvene Village, Paek District, Xiengkhouang Province, Lao PDR	Dairy cow raising and agricultural products trading	51.00%	51.00%
▪ GTNFoods Joint Stock Company	9 th floor, Vinatea Building, 92 Vo Thi Sau, Thanh Nhan Ward, Hai Ba Trung District, Ha Noi	Manufacturing and trading products from milk, tea and wine	75.00%	-
Indirectly owned subsidiaries through GTNFoods Joint Stock Company				
▪ Vietnam Livestock Corporation – Joint Stock Company	519 Minh Khai, Vinh Tuy Ward, Hai Ba Trung District, Ha Noi	Manufacturing, breeding, processing and trading of cattle and poultry products	55.87%	-
▪ Moc Chau Dairy Cattle Breeding Joint Stock Company	Km194 Moc Chau Farm Town, Moc Chau District, Phieng Luong, Moc Chau, Son La	Processing of milk and dairy products	28.49%	-

(b) Associates

Name	Location	Principal activities	Economic interest	
			31/12/2019	1/1/2019
Directly owned associates				
▪ Miraka Holdings Limited	108 Tuwharetoa, Taupo, New Zealand	Milk production	22.81%	22.81%
▪ APIS Corporation	No. 18A, VSIP II-A, 27 Street, Viet Nam – Singapore II-A Industrial Zone, Vinh Tan Ward, Tan Uyen District, Binh Duong Province	Food raw materials trading	20.00%	20.00%
▪ Asia Coconut Processing Joint Stock Company	Giao Long Industrial Zone, Phase II, An Phuoc Commune, Chau Thanh District, Ben Tre Province, Vietnam	Coconut-based products manufacturing and trading	25.00%	25.00%

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Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Name	Location	Principal activities	Economic interest	
			31/12/2019	1/1/2019
Indirectly owned associates through GTNFoods Joint Stock Company				
▪ Lam Dong Foodstuffs Joint Stock Company	31 Ngo Van So Street, Ward 9, Da Lat City, Lam Dong	Processing all kinds of wine, cashew nuts for export and other agricultural foods	28.73%	-
▪ Mien Trung Plastic Joint Stock Company	Lot 5, Dien Nam – Dien Ngoc Industrial Zone, Dien Ban Town, Quang Nam Province	Producing plastic pipes and plastic products	32.45%	-
▪ The Vietnam National Tea – Joint Stock Corporation	92 Vo Thi Sau, Thanh Nhan Ward, Hai Ba Trung District, Ha Noi	Tea manufacturing and trading	15.00%	-
▪ Hai Phong Poultry Investment and Export – Import Joint Stock Company	16 Cu Chinh Lan, Minh Khai Ward, Hong Ban District, Hai Phong City	Processing and preservation of meat products, supporting services for transportation	16.76%	-
▪ Chau Thanh Chicken Breeds Joint Stock Company	Nam Hung, Nam Hung Commune, Nam Truc District, Nam Dinh Province	Chickens breeding	21.98%	-
▪ Dong Giao Plant Seeds and Animal Breeds Joint Stock Company	Yen Son Commune, Yen Son Commune, Tam Diep City, Ninh Binh Province	Pigs breeding	20.36%	-
▪ North Central Part Breeding Variety Material Joint Stock Company	17 Nguyen Sy Sach, Ha Huy Tap Ward, Vinh City, Nghe An Province	Frozen cow semen and artificial insemination supplies trading	20.82%	-
▪ Central Cattle Breeds Development Joint Stock Company	210 2/4 Street, Vinh Hai Ward, Nha Trang City, Khanh Hoa Province	Frozen cow semen and cattle supplying	18.86%	-
▪ Dai An Viet Joint Stock Company	28 Mac Dinh Chi, Da Kao Ward, District 1, Ho Chi Minh City	Trading of breeds, animal feeds and livestock equipment	19.46%	-

Vietnam Dairy Products Joint Stock Company
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Name	Location	Principal activities	Economic interest	
			31/12/2019	1/1/2019
▪ Peter Hand Hanoi Livestock Development Company Limited	36 Hoang Ngan Street, Nhan Chinh Street, Cau Giay District, Hanoi	Producing and supplying premix products for livestock	20.11%	-
▪ Dong A Development Service Trading Joint Stock Company	135 Pasteur, Ward 6, District 3, Ho Chi Minh City	Pigs breeding, production of cattle, poultry and aqua feed	19.56%	-

(c) Dependent units:

Sales branches:

- 1/ Vietnam Dairy Products Joint Stock Company's Branch in Ha Noi – 11th Floor, Tower B, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City.
- 2/ Vietnam Dairy Products Joint Stock Company's Branch in Da Nang – 7th Floor, Danang Post Office Tower, 271 Nguyen Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City.
- 3/ Vietnam Dairy Products Joint Stock Company's Branch in Can Tho – 77-77B Vo Van Tan, Tan An Ward, Ninh Kieu District, Can Tho City.

Manufacturing factories:

- 1/ Thong Nhat Dairy Factory – 12 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 2/ Truong Tho Dairy Factory – 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 3/ Dielac Dairy Factory – Bien Hoa I Industrial Park, Dong Nai Province.
- 4/ Can Tho Dairy Factory – Tra Noc Industrial Park, Can Tho City.
- 5/ Sai Gon Dairy Factory – Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.
- 6/ Nghe An Dairy Factory – Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An Province.
- 7/ Binh Dinh Dairy Factory – 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh Province.
- 8/ Vietnam Beverage Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 9/ Tien Son Dairy Factory – Tien Son Industrial Park, Bac Ninh Province.
- 10/ Da Nang Dairy Factory – Hoa Khanh Industrial Park, Da Nang City.
- 11/ Vietnam Powdered Milk Factory – 9 Tu Do Boulevard - Vietnam-Singapore Industrial Park, Thuan An District, Binh Duong Province.



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Notes to the separate financial statements for the year ended 31 December 2019
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- 12/ Vietnam Dairy Factory – My Phuoc II Industrial Park, Binh Duong Province.
- 13/ Lam Son Dairy Factory – Le Mon Industrial Zone, Thanh Hoa City, Thanh Hoa Province.

Warehouses:

- 1/ Ho Chi Minh Logistic Enterprise – 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 2/ Hanoi Logistic Enterprise – Km 10 Highway 5, Duong Xa Commune, Gia Lam District, Ha Noi City.

Clinic:

- 1/ An Khang General Clinic – 184-186-188 Nguyen Dinh Chieu, Ward 6, District 3, Ho Chi Minh City.

Raw milk center:

- 1/ Branch of Vietnam Dairy Products Joint Stock Company’s – Cu Chi Raw Milk Center - Lot B14-1, B14-2 D4, Dong Nam Industrial Zone, Hoa Phu Commune, Cu Chi District, Ho Chi Minh City.

As at 31 December 2019, the Company had 5,772 employees (1/1/2019: 5,706 employees).

II. ACCOUNTING YEAR AND ACCOUNTING CURRENCY

1. Annual accounting year

The annual accounting year of the Company is from 1 January to 31 December.

2. Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for separate financial statement presentation purpose.

III. ACCOUNTING STANDARDS AND SYSTEM

1. Statement of compliance

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to financial reporting. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

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Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2019
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2. Basis of measurement

The separate financial statements, except for the separate statement of cash flows, are prepared on the accrual basis using the historical cost concept. The separate statement of cash flows is prepared using the indirect method.

3. Accounting form

The Company applies computerised accounting form.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the Company in the preparation of these separate financial statements.

The accounting policies that have been adopted by the Company in the preparation of these separate financial statements are consistent with those adopted in the preparation of the latest separate annual financial statements.

1. Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the accounting year quoted by the commercial bank where the Company most frequently conducts transactions and has the largest outstanding balance of foreign currencies at the reporting date.

All foreign exchange differences are recorded in the separate statement of income.

2. Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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Vietnam Dairy Products Joint Stock Company
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3. Investments

(a) Trading securities

Trading securities are those held by the Company for trading purpose, include those with maturity periods more than 12 months that are purchased for resale with the aim of making profits. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value.

Trading securities shall be recorded when the Company acquires the ownership, in particular:

- Listed securities are recognised at the time of matching (T+0).
- Unlisted securities are recognised at the time the ownership is acquired as prescribed in the Vietnamese laws and regulations.

An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(b) Held-to-maturity investments

Held-to-maturity investments are those that the Company's Board of Management has intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank and corporate bonds. These investments are stated at costs less allowance for diminution in the value.

Held-to-maturity investments classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

(c) Loans receivable

Loans receivable are loans granted under an agreement between parties but not being traded as securities in the market. Allowance for doubtful loans receivable is made for each of the doubtful debt based on overdue days in payment of principals according to initial debt commitment (exclusive of the debt rescheduling between contractors), or based on the estimated possible loss that may arise.

(d) Investments in subsidiaries and associates

Subsidiaries are those entities in which the Company has control over the financial and operating policies, generally evidenced by holding more than half of voting rights. In assessing control, exercisable potential voting rights are taken into account.

Associates are entities in which the Company has significant influence, but not control, normally by holding 20% to 50% of voting rights in these entities.

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Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2019
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For the purpose of these separate financial statements, investments in subsidiaries and associates are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Company's Board of Management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

In case the Company dissolves the subsidiary and merges all assets and liabilities of the subsidiary into the Company (the Company inherits all the rights and obligations of the subsidiary), the Company decreases the carrying amount of the investment in the subsidiary and records all assets and liabilities of the dissolved subsidiary in the separate financial statement of the Company at fair value at the date of the merger. The difference between the cost of an investment in a subsidiary and the fair value of the asset and liability is recognised in financial income or expense.

(e) Investment in equity instruments of other entities

Investment in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Company's Board of Management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

4. Accounts receivable

Accounts receivable are monitored in detail of receivable terms, receivable parties, original currency and other factors depending on the Company's managerial requirements. Accounts receivable from customers include trade receivables arising from buying-selling transactions. Other receivables include non-trade receivables, not related to buying-selling transactions. Accounts receivable are classified as short-term and long-term in the separate statement of financial position based on the remaining period of these receivables at the reporting date.

Trade and other receivables are stated at cost less allowance for doubtful debts. Allowance for doubtful debts is made for each doubtful debt based on overdue days in payment of principals according to initial debt commitment (exclusive of the debts rescheduling between contracting parties), or based on expected loss that may arise.

Trade and other receivables classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.



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Notes to the separate financial statements for the year ended 31 December 2019
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5. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Company applies the perpetual method of accounting for inventories.

6. Tangible fixed assets

(a) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the separate statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(b) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- buildings and structures 5 – 50 years
- machinery and equipment 2 – 15 years
- motor vehicles 4 – 10 years
- office equipment 2 – 10 years

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Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2019
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7. Intangible fixed assets

(a) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use rights certificate issued by competent authority.

Definite life land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over the valid term of land use rights certificate.

Indefinite life land use rights are stated at cost and not amortised.

(b) Software

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 2 – 8 years.

8. Investment property

(a) Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the Board of Management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repair and maintenance, is charged to the separate statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

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Notes to the separate financial statements for the year ended 31 December 2019
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(b) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property held to earn rental. The estimated useful lives are as follows:

- definite life land use rights 49 years
- infrastructure 8 – 10 years
- buildings 6 – 50 years

9. Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the year of construction and installation.

10. Prepaid expenses

(a) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on Board of Management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the separate statement of income on a straight-line basis over the term of the lease.

(b) Tools and instruments

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over 1 – 5 years.

(c) Others

Others are recorded at cost and amortised on a straight-line basis over their economic useful lives of 1 – 3 years.

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Vietnam Dairy Products Joint Stock Company
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11. Trade and other payables

Accounts payable are monitored in details by payable terms, payable parties, original currency and other factors depending on the Company's managerial requirements. Accounts payable to suppliers include trade payables arising from transaction of buying-selling transactions and payables for import through entrustees (in import entrustment transactions). Other payables include non-trade payables, not related to buying-selling transactions. Accounts payable are classified as short-term and long-term in the separate statement of financial position based on the remaining period of these payables at the reporting date.

Trade and other payables are stated at their cost. Trade and other payables classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

12. Accrued expenses

Accrued expenses include those made for goods, services received from suppliers in the accounting year but not yet paid due to the lack of receipts or supporting documents, are recognised as manufacturing and operating expense in the reporting year based on the term stated in the respective contracts.

13. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee's compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the accounting year. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

14. Share capital

(a) Ordinary shares

Ordinary shares are stated at par value. Excess of cash received from share issues over par value is recorded as share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

Vietnam Dairy Products Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2019
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(b) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are reissued subsequently, the cost of shares reissued are calculated on weighted average basis, any surplus or deficit of proceed over cost is recorded in share premium.

15. Taxation

Income tax on the unconsolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the accounting year, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the end of the accounting year.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

16. Revenue and other income

(a) Goods sold

Revenue from the sale of goods is recognised in the separate statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(b) Services rendered

Revenue from services rendered is recognised in the separate statement of income in proportion to the stage of completion of the transaction at the end of the accounting year. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

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Notes to the separate financial statements for the year ended 31 December 2019
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(c) Rental income

Rental income from leased property is recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(d) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(e) Dividend income

Dividend income is recognised when the right to receive dividend is established.

(f) Income from disposal of short-term and long-term financial investments

Income from disposal of short-term and long-term financial investments is recognised in the separate statement of income when significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership have been transferred upon the completion of trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

17. Revenue deductions

Revenue deductions included sales discounts, sales allowances and sales returns.

In case goods were sold or services were provided during the reporting year but the related sales discounts, sales allowances or sales returns occur in the following year, revenue deductions are recognised in the reporting year only if such payments incur prior to the issuance of the separate financial statements.

18. Cost of sales

Cost of sales comprise the cost of products, goods and services provided during the year and is recognised corresponding to revenue. For cost of direct raw materials consumed which is over the normal level, labour cost and manufacturing overheads not allocated to finished goods are recorded directly into the cost of sales (after deducting compensations, if any) even if products and goods are not yet determined to be consumed.

19. Operating lease payments

Payments made under operating leases are recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the separate statement of income as an integral part of the total lease expense.

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20. Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the year of construction are capitalised as part of the cost of the assets concerned.

21. Dividend distribution

The Company's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's Annual General Meeting and after making appropriation to reserve funds in accordance with the Company's Charter.

Dividends are declared and paid based on the estimated earnings of the year. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Company's Annual General Meeting.

22. Funds

Appropriation to equity funds is made in accordance with the Company's Charter as follows:

- | | |
|-----------------------------------|-------------------------|
| ▪ Bonus and welfare fund | 10% of profit after tax |
| ▪ Investment and development fund | 10% of profit after tax |

Utilisation of the above reserve funds requires approval of the shareholders, the Board of Directors or the Chief Executive Officer, depending on the nature and magnitude of the transactions involved as stated in the Company's Charter. When the fund is utilised for business expansion, the amount utilised is transferred to share capital.

23. Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on geographical segments.

24. Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprises, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.



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Notes to the separate financial statements for the year ended 31 December 2019
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V. SUPPLEMENTARY INFORMATION TO ITEMS DISCLOSED IN THE SEPARATE STATEMENT OF FINANCIAL POSITION

1. Cash and cash equivalents

	31/12/2019	1/1/2019
	VND	VND
Cash on hand	501,171,096	934,233,487
Cash in banks	956,661,545,940	660,300,979,320
Cash equivalents	-	350,000,000,000
	957,162,717,036	1,011,235,212,807

2. Accounts receivable from customers

(a) Accounts receivable from customers – short-term

	31/12/2019	1/1/2019
	VND	VND
Receivables from customers	3,116,906,545,692	3,167,242,749,247

(b) Accounts receivable from customer – long-term

	31/12/2019	1/1/2019
	VND	VND
SIG Combibloc Ltd	-	67,658,410,631

(c) Accounts receivable from related parties

	31/12/2019	1/1/2019
	VND	VND
Subsidiaries		
Vietnam Dairy Cow One Member Limited Company	119,600,000	2,494,473,975
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	34,144,154	72,871,737
Angkor Dairy Products Co., Ltd.	-	11,039,828,442
Driftwood Dairy Holding Corporation	1,868,875,606	-
Vietnam Sugar Joint Stock Company	218,330,000	292,480,000

The trade related amounts due from the related parties were unsecured, interest free and receivable within 30 days from invoice date.

Vietnam Dairy Products Joint Stock Company
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(d) Short-term allowance for doubtful debts

Movements of short-term allowance for doubtful debts during the year were as follows:

	2019	2018
	VND	VND
Opening balance	(1,009,926,164)	(4,159,890,032)
Increase in allowance during the year	(79,887,772)	(80,917,219)
Allowance written back during the year	-	21,001,389
Allowance used during the year	950,010,334	3,209,879,698
Closing balance	(139,803,602)	(1,009,926,164)

3. Other receivables

(a) Other short-term receivables

	31/12/2019	1/1/2019
	VND	VND
Interest income from deposits	254,068,493,141	202,954,989,056
Receivables from employees	622,798,767	849,160,331
Advances to employees	3,258,678,200	1,441,402,945
Short-term deposits	161,500,000	145,000,000
Import tax refundable	218,673,683	6,487,398,794
Rebate income receivable from suppliers	15,861,480,319	66,460,934,080
Others	9,112,910,274	11,680,528,195
	283,304,534,384	290,019,413,401

(b) Other long-term receivables

	31/12/2019	1/1/2019
	VND	VND
Long-term deposits	1,697,545,595	1,951,561,963
Others	4,500,000,000	5,000,000,000
	6,197,545,595	6,951,561,963

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4. Investments

(a) Trading securities

	31/12/2019			1/1/2019		
	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Short-term investments in shares:						
▪ Bao Viet Joint Stock Commercial Bank	-	-	-	442,000,000,000	442,000,000,000	-
▪ Others	23,488,016	23,526,116	-	23,488,016	23,497,556	-
	23,488,016	23,526,116	-	442,023,488,016	442,023,497,556	-

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(b) Held-to-maturity investments

	Note	31/12/2019 VND	1/1/2019 VND
Held-to-maturity investments – short-term			
▪ term deposits	(*)	11,100,000,000,000	8,134,000,000,000
<hr/>			
Held-to-maturity investments – long-term			
▪ term deposits		200,000,000,000	500,000,000,000
<hr/>			

(*) The amounts represented term deposits at banks with the remaining term to maturity of 1 to 12 months and earned interest at rates ranging from 7.10% to 8.60% per annum (for the year ended 31 December 2018: from 3.80% to 8.00% per annum).

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(c) Long-term financial investments

	31/12/2019			1/1/2019		
	Cost VND	Fair value VND	Allowance for diminution in value VND	Cost VND	Fair value VND	Allowance for diminution in value VND
Investments in subsidiaries						
▪ Vietnam Dairy Cow One Member Limited Company	2,250,780,000,000	(i)	-	2,250,780,000,000	(i)	-
▪ Driftwood Dairy Holding Corporation (ii)	458,395,918,429	(i)	-	225,895,918,429	(i)	-
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	66,463,150,000	(i)	-	66,463,150,000	(i)	-
▪ Angkor Dairy Products Co., Ltd.	464,289,241,751	(i)	-	464,289,241,751	(i)	-
▪ Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	1,116,682,699,703	(i)	(1,598,149,668)	856,682,699,703	(i)	(19,842,623,474)
▪ Vietnam Sugar Joint Stock Company	1,253,306,061,273	(i)	-	1,328,381,061,273	(i)	-
▪ Lao-Jagro Development Xiengkhouang Co., Ltd. (iii)	551,937,690,646	(i)	-	217,100,901,045	(i)	-
▪ GTNFoods Joint Stock Company (iv)	3,447,331,944,836	(i)	-	-	-	-
	<u>9,609,186,706,638</u>		<u>(1,598,149,668)</u>	<u>5,409,592,972,201</u>		<u>(19,842,623,474)</u>

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	31/12/2019			1/1/2019		
	Cost VND	Fair value VND	Allowance for diminution in value VND	Cost VND	Fair value VND	Allowance for diminution in value VND
Investments in associates						
▪ Miraka Holdings Limited	293,189,808,669	(i)	-	293,189,808,669	(i)	-
▪ APIS Corporation	20,350,000,000	(i)	-	20,350,000,000	(i)	-
▪ Asia Coconut Processing Joint Stock Company	86,830,000,000	(i)	(6,223,314,946)	86,830,000,000	(i)	-
	<u>400,369,808,669</u>		<u>(6,223,314,946)</u>	<u>400,369,808,669</u>		<u>-</u>
Equity investments in other entities						
▪ Asia Saigon Food Ingredients Joint Stock Company	18,000,000,000	(i)	-	18,000,000,000	(i)	-
▪ An Khang Clinic – Pharmacy	300,000,000	(i)	-	300,000,000	(i)	-
	<u>18,300,000,000</u>		<u>-</u>	<u>18,300,000,000</u>		<u>-</u>
	<u>10,027,856,515,307</u>		<u>(7,821,464,614)</u>	<u>5,828,262,780,870</u>		<u>(19,842,623,474)</u>

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- (i) At the reporting date, the Company has not determined fair values of these financial instruments for disclosure in the separate financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.
- (ii) As at 12 September 2019, the Company invested an additional USD10 million in this entity.
- (iii) On 29 January 2019 and 7 October 2019, the Company invested VND51,547 million and VND128,899 million, respectively, representing its percentage of equity interest in this entity following the shareholders' decision. On 1 April 2019, the Company invested an additional consideration of VND154,391 million to the former owners according to the Share Purchase Agreement.
- (iv) During the year and until 30 September 2019, the Company had acquired, through various transactions, 40.53% equity interest of GTNFoods Joint Stock Company for a consideration of VND1,478,191 million. In December 2019, the Company completed its purchase of 75% of equity interest of this entity for a consideration of VND1,969,141 million

Movements in the allowance for diminution in value of long-term investments during the year were as follows:

	2019	2018
	VND	VND
Opening balance	(19,842,623,474)	(15,325,809,878)
Increase in allowance during the year	(14,850,897,794)	(29,360,958,574)
Allowance written back during the year	26,872,056,654	17,342,627,936
Allowance utilised during the year	-	7,501,517,042
Closing balance	(7,821,464,614)	(19,842,623,474)

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5. Inventories

	31/12/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	725,343,304,250	-	863,478,108,627	-
Raw materials	2,128,189,777,650	(2,926,396,042)	2,362,269,915,764	(2,492,438,168)
Tools and supplies	2,260,586,573	-	311,995,640	-
Work in progress	9,601,645,101	-	14,827,114,886	-
Finished goods	1,000,517,578,788	(3,032,130,876)	1,275,852,464,005	(2,848,062,990)
Merchandise inventories	8,861,339,123	-	19,009,876,453	-
Goods on consignment	7,745,046,793	-	1,359,868,517	-
	3,882,519,278,278	(5,958,526,918)	4,537,109,343,892	(5,340,501,158)

Movements in the allowance for inventories during the year were as follows:

	2019 VND	2018 VND
Opening balance	(5,340,501,158)	(4,814,755,174)
Increase in allowance during the year	(22,225,403,812)	(15,179,714,443)
Allowance written back during the year	20,666,291,090	11,936,960,793
Allowance utilised during the year	941,086,962	2,717,007,666
Closing balance	(5,958,526,918)	(5,340,501,158)

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6. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	2,133,459,248,563	11,856,066,907,725	876,996,558,358	575,786,071,503	15,442,308,786,149
Additions	37,442,211,874	364,235,222,648	33,101,146,024	53,413,060,319	488,191,640,865
Transfer from construction in progress	126,759,769,002	734,616,294,586	35,001,301,027	1,322,282,837	897,699,647,452
Transfer from investment properties	63,784,035,554	2,055,143,625	-	-	65,839,179,179
Reclassification	(711,906,086)	711,906,086	(64,200,000)	64,200,000	-
Disposals	(9,493,756,243)	(46,828,661,026)	(7,428,168,889)	(5,490,189,788)	(69,240,775,946)
Other decreases	(20,848,514)	-	-	-	(20,848,514)
Closing balance	2,351,218,754,150	12,910,856,813,644	937,606,636,520	625,095,424,871	16,824,777,629,185
Accumulated depreciation					
Opening balance	715,654,263,635	5,304,346,921,420	425,998,481,092	410,601,017,866	6,856,600,684,013
Charge for the year	99,141,565,778	1,102,459,182,763	80,225,507,754	48,154,410,878	1,329,980,667,173
Transfer from investment properties	39,325,113,984	1,894,488,466	-	-	41,219,602,450
Reclassification	(35,949,100)	35,949,100	(52,965,000)	52,965,000	-
Disposals	(7,668,007,268)	(42,154,143,015)	(6,638,278,463)	(5,479,562,755)	(61,939,991,501)
Other decreases	(20,848,514)	-	-	-	(20,848,514)
Closing balance	846,396,138,515	6,366,582,398,734	499,532,745,383	453,328,830,989	8,165,840,113,621
Net book value					
Opening balance	1,417,804,984,928	6,551,719,986,305	450,998,077,266	165,185,053,637	8,585,708,102,136
Closing balance	1,504,822,615,635	6,544,274,414,910	438,073,891,137	171,766,593,882	8,658,937,515,564

Included in the cost of tangible fixed assets were assets costing VND2,063,567 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND1,914,795 million), but which are still in active use.



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7. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	57,582,565,109	147,682,758,159	205,265,323,268
Additions	-	778,078,240	778,078,240
Transfer from construction in progress	-	1,796,970,000	1,796,970,000
Written off	-	(32,498,901,455)	(32,498,901,455)
Closing balance	57,582,565,109	117,758,904,944	175,341,470,053
Accumulated amortisation			
Opening balance	11,608,069,186	111,494,715,050	123,102,784,236
Charge for the year	-	14,125,755,104	14,125,755,104
Written off	-	(32,498,901,455)	(32,498,901,455)
Closing balance	11,608,069,186	93,121,568,699	104,729,637,885
Net book value			
Opening balance	45,974,495,923	36,188,043,109	82,162,539,032
Closing balance	45,974,495,923	24,637,336,245	70,611,832,168

Included in the cost of intangible fixed assets were assets costing VND55,826 million which were fully amortised as at 31 December 2019 (1/1/2019: VND54,118 million), but which are still in use.

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8. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	38,884,288,170	6,464,218,561	97,992,331,437	143,340,838,168
Transfer to tangible fixed assets	-	(5,994,290,197)	(59,844,888,982)	(65,839,179,179)
Closing balance	38,884,288,170	469,928,364	38,147,442,455	77,501,658,989
Accumulated depreciation				
Opening balance	4,232,303,479	5,798,297,944	44,268,832,475	54,299,433,898
Charge for the year	793,556,898	211,744,707	2,449,490,013	3,454,791,618
Transfer to tangible fixed assets	-	(5,540,114,287)	(35,679,488,163)	(41,219,602,450)
Closing balance	5,025,860,377	469,928,364	11,038,834,325	16,534,623,066
Net book value				
Opening balance	34,651,984,691	665,920,617	53,723,498,962	89,041,404,270
Closing balance	33,858,427,793	-	27,108,608,130	60,967,035,923

The Company's investment property represented buildings and infrastructure held for earning rental income.

At the reporting date, the Company has not determined fair values of investment property held to earn rental for disclosure in the separate financial statements because there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of investment property held to earn rental may differ from its carrying amounts.

Included in the cost of investment property held to earn rental was assets costing VND470 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND7,892 million), but which are still in active use.

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9. Construction in progress

	2019	2018
	VND	VND
Opening balance	275,020,774,555	970,605,001,566
Additions	784,528,252,575	1,966,215,704,548
Transfer to tangible fixed assets	(897,699,647,452)	(2,645,973,796,296)
Transfer to intangible fixed assets	(1,796,970,000)	(9,493,334,500)
Transfer to short-term prepaid expenses	(196,046,220)	(1,439,256,572)
Transfer to long-term prepaid expenses	-	(2,364,573,498)
Transfer to inventories	(1,430,250,727)	(1,269,245,491)
Other decreases	(423,826,774)	(1,259,725,202)
Closing balance	158,002,285,957	275,020,774,555

Major constructions in progress were as follows:

	31/12/2019	1/1/2019
	VND	VND
Can Tho Dairy Branch	52,079,729,352	52,079,729,352
Tien Son Dairy Factory	37,118,350,865	118,287,279,593
Da Nang Dairy Factory	25,819,098,480	3,102,513,400
Binh Dinh Dairy Factory	25,026,902,205	-
Others	17,958,205,055	101,551,252,210
	158,002,285,957	275,020,774,555

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10. Prepaid expenses

(a) Short-term prepaid expenses

	31/12/2019	1/1/2019
	VND	VND
Software deployment and networks maintenance	9,538,009,172	5,495,262,566
Advertising	2,819,866,227	1,760,281,563
Maintenance	101,029,555	181,380,023
Operating lease	5,271,685,508	1,604,474,481
Tools and supplies	4,036,633,172	4,913,534,229
Renovation and repair	8,718,925,773	11,759,637,267
Other short-term prepaid expenses	1,214,307,903	3,946,760,717
	31,700,457,310	29,661,330,846

(b) Long-term prepaid expenses

	Land costs	Tools and	Other expenses	Total
	VND	instruments	VND	VND
		VND		
Opening balance	209,066,884,080	122,950,435,665	28,917,519,843	360,934,839,588
Additions	3,195,576,200	85,179,249,609	39,862,166,368	128,236,992,177
Amortisation for the year	(6,420,932,970)	(71,846,553,915)	(23,479,485,112)	(101,746,971,997)
Closing balance	205,841,527,310	136,283,131,359	45,300,201,099	387,424,859,768

11. Deferred tax assets

	31/12/2019	1/1/2019
	VND	VND
Deferred tax assets		
Foreign exchange differences	424,139,024	403,671,673
Accrued expenses and provisions	23,109,878,308	31,954,599,399
	23,534,017,332	32,358,271,072

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12. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant supplier

	31/12/2019		1/1/2019	
	Carrying amount VND	Repayable amount VND	Carrying amount VND	Repayable amount VND
Other suppliers	3,223,078,473,685	3,223,078,473,685	3,556,103,761,054	3,556,103,761,054

(b) Accounts payable to related parties

	31/12/2019 VND	1/1/2019 VND
Subsidiaries		
Vietnam Dairy Cow One Member Limited Company	69,728,083,242	78,117,528,636
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	14,291,904,900	10,139,040,800
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	12,593,281,086	39,223,584,375
Vietnam Sugar Joint Stock Company	690,060,000	1,016,631,000
Associates		
APIS Corporation	12,521,521,944	17,295,725,739
Asia Coconut Processing Joint Stock Company	2,406,761,280	-

The trade related amounts due to the related parties were unsecured, interest free and payable within 60 days from invoice date.

13. Taxes payable to State Treasury

	1/1/2019 VND	Incurred VND	Paid VND	31/12/2019 VND
Value added tax	64,316,322,916	2,251,233,287,611	(2,183,050,913,119)	132,498,697,408
Import tax	11,346,461,001	234,485,440,290	(238,702,980,450)	7,128,920,841
Corporate income tax	252,342,102,502	2,217,172,815,691	(2,025,224,469,158)	444,290,449,035
Personal income tax	13,149,680,041	214,008,226,308	(213,805,592,801)	13,352,313,548
Other taxes	496,253,772	57,685,516,471	(56,294,967,058)	1,886,803,185
	341,650,820,232	4,974,585,286,371	(4,717,078,922,586)	599,157,184,017

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14. Accrued expenses

	31/12/2019	1/1/2019
	VND	VND
Sale incentives, promotion	762,945,217,493	768,997,882,507
Advertising expenses	520,279,675,672	92,277,105,546
Transportation expenses	80,462,406,538	79,971,625,109
Rental fees	11,421,374,844	4,735,827,809
Expenses for outsourced employees	75,439,919,727	102,360,840,273
Repair and maintenance expenses	20,974,135,952	25,842,430,706
Interest expense	20,229,394,395	493,835,613
Fuel expenses	8,880,609,260	12,959,585,875
Others	89,143,237,354	57,556,753,462
	1,589,775,971,235	1,145,195,886,900

15. Other short-term payables

	31/12/2019	1/1/2019
	VND	VND
Insurance and trade union fees	2,904,299,000	2,192,617,485
Short-term deposits received	21,269,886,407	33,677,698,730
Other payables relating to financial investments	-	747,267,419,155
Dividend payables	1,741,377,694,000	1,741,407,855,000
Import duty payables	-	13,862,123,850
Others	12,806,363,639	9,142,513,316
	1,778,358,243,046	2,547,550,227,536

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16. Short-term borrowings

	1/1/2019 VND	Incurred VND	Paid VND	31/12/2019 VND
The Bank of Tokyo – Mitsubishi UFJ Ltd., Ho Chi Minh City Branch				
▪ VND Loans (i)	700,000,000,000	-	(700,000,000,000)	-
▪ USD Loans (ii)	-	5,344,320,000,000	(2,790,120,000,000)	2,554,200,000,000
Sumitomo Mitsui Banking Corporation, Ho Chi Minh City Branch				
▪ VND Loan (iii)	-	200,000,000,000	(200,000,000,000)	-
▪ USD Loan (iv)	-	2,320,900,000,000	-	2,320,900,000,000
	700,000,000,000	7,865,220,000,000	(3,690,120,000,000)	4,875,100,000,000

- (i) These loans had terms of 1 – 3 months, were unsecured and bore interest at rates ranging from 5.15% – 5.30% per annum.
- (ii) These loans had term of 6 – 12 months, were unsecured and bore interest at rates ranging from 2.24% – 3.36% per annum.
- (iii) This loan had term of 4 months, was unsecured and bore interest at 4.87% per annum.
- (iv) This loan had term of 12 months, was unsecured and bore interest at 2.70% per annum.

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17. Provisions

	31/12/2019	1/1/2019
	VND	VND
Provision for severance allowance (*)	4,654,637,561	4,502,303,315
Provision for regular fixed assets maintenance	1,680,238,911	-
	6,334,876,472	4,502,303,315

(*) Movement of provision for severance allowance during the year were as follows:

	2019	2018
	VND	VND
Opening balance	4,502,303,315	100,654,286,250
Increase in provision during the year	4,576,511,169	1,556,179,061
Provision used during the year	(4,270,104,171)	(2,552,258,198)
Provision written back during the year	(154,072,752)	(95,155,903,798)
	4,654,637,561	4,502,303,315

18. Bonus and welfare fund

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the Company's and subsidiaries' employees in accordance with the Company's bonus and welfare policies.

Movements of bonus and welfare fund during the year were as follows:

	2019	2018
	VND	VND
Opening balance	502,448,397,758	674,169,691,953
Appropriation (Note V.19)	1,008,515,999,602	981,410,982,604
Other increase	-	149,174,000
Utilisation	(944,470,452,861)	(1,153,281,450,799)
	566,493,944,499	502,448,397,758

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19. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Retained profits VND	Total VND
Balance at 1 January 2018	14,514,534,290,000	260,699,620,761	(7,159,821,800)	2,849,474,124,833	5,678,808,387,154	23,296,356,600,948
Capital increase from bonus shares	2,902,343,640,000	(260,699,620,761)	-	(2,641,644,019,239)	-	-
Purchase treasury shares	-	-	(3,325,885,560)	-	-	(3,325,885,560)
Net profit for the year	-	-	-	-	9,814,109,826,048	9,814,109,826,048
Appropriation to equity funds	-	-	-	981,410,982,604	(981,410,982,604)	-
Appropriation to bonus and welfare fund (Note V.18)	-	-	-	-	(981,410,982,604)	(981,410,982,604)
Dividends (Note V.21)	-	-	-	-	(6,820,662,482,500)	(6,820,662,482,500)
Balance at 1 January 2019	17,416,877,930,000	-	(10,485,707,360)	1,189,241,088,198	6,709,433,765,494	25,305,067,076,332
Purchase treasury shares	-	-	(1,159,248,760)	-	-	(1,159,248,760)
Net profit for the year	-	-	-	-	10,085,159,996,024	10,085,159,996,024
Appropriation to equity funds	-	-	-	1,008,515,999,602	(1,008,515,999,602)	-
Appropriation to bonus and welfare fund (Note V.18)	-	-	-	-	(1,008,515,999,602)	(1,008,515,999,602)
Dividends (Note V.21)	-	-	-	-	(7,836,220,609,500)	(7,836,220,609,500)
Balance at 31 December 2019	17,416,877,930,000	-	(11,644,956,120)	2,197,757,087,800	6,941,341,152,814	26,544,331,214,494



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20. Share capital

The Company's authorised and issued share capital are:

	31/12/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,741,687,793	17,416,877,930,000	1,741,687,793	17,416,877,930,000
Issued shares				
Ordinary shares	1,741,687,793	17,416,877,930,000	1,741,687,793	17,416,877,930,000
Treasury shares				
Ordinary shares	(310,099)	(11,644,956,120)	(276,210)	(10,485,707,360)
Shares currently in circulation				
Ordinary shares	1,741,377,694	17,405,232,973,880	1,741,411,583	17,406,392,222,640

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Details of share capital:

	31/12/2019 and 1/1/2019	
	VND	%
The State's capital	6,270,638,350,000	36.00%
Other shareholders' capital	11,146,239,580,000	64.00%
	17,416,877,930,000	100.00%

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21. Dividends

Pursuant to the Resolution of Annual General Meeting of Shareholders, the Board of Management of the Company on 19 April 2019, 3 September 2019 and 2 December 2019 resolved to distribute dividends in relation to 2018 and 2019 profits, totally amounting to VND7,836,221 million (VND1,500 per share for the remaining distribution for the fiscal year 2018, VND2,000 per share for the first distribution for the fiscal year 2019 and VND1,000 per share for the second advance distribution for the fiscal year 2019) (for the year ended 31 December 2018: VND6,820,662 million (VND1,500 per share for the remaining distribution for the fiscal year 2017, VND2,000 per share for the first distribution for the fiscal year 2018 and VND1,000 per share for the second advance distribution for the fiscal year 2018)).

22. Off balance sheet items

(a) Leases

The future minimum leases payments under non-cancellable operating leases are:

	31/12/2019 VND	1/1/2019 VND
Within 1 year	25,481,092,637	27,518,752,196
From 2 to 5 years	57,104,756,068	69,860,923,353
Over 5 years	340,416,685,454	424,888,438,029
	423,002,534,159	522,268,113,578

(b) Foreign currencies

	31/12/2019		1/1/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
Foreign currencies				
▪ USD	18,300,184.98	423,100,276,738	5,782,180.81	133,828,574,801
▪ EUR	770.07	19,832,383	2,910.73	76,697,736
		423,120,109,121		133,905,272,537

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(c) Capital commitments

At the reporting date, the Company had following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2019	1/1/2019
	VND	VND
Approved and contracted	1,142,808,721,825	853,686,643,826

VI. SUPPLEMENTARY INFORMATION TO ITEMS DISCLOSED IN THE SEPARATE STATEMENT OF INCOME

1. Revenue from sales of goods and provision of services

Total revenue represented the gross value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised:

	2019	2018
	VND	VND
Total revenue		
▪ Sales of finished goods	50,163,071,024,539	46,264,766,466,705
▪ Sales of merchandise goods	522,816,432,676	523,560,074,925
▪ Other services	45,941,841,010	41,478,251,736
▪ Rental income from investment property	10,781,348,335	16,785,591,588
▪ Others	79,666,924,530	78,262,397,715
	50,822,277,571,090	46,924,852,782,669
Less revenue deductions		
▪ Sale discounts	34,988,189,516	24,025,382,670
▪ Sale returns	15,778,847,124	7,617,366,125
	50,767,036,640	31,642,748,795
Net revenue	50,771,510,534,450	46,893,210,033,874



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In which revenue from sales to related parties was as follows:

	2019	2018
	VND	VND
Subsidiaries		
Vietnam Dairy Cow One Member Limited Company	30,560,337,927	7,079,191,500
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	2,745,155,210	2,752,724,610
Angkor Dairy Products Co., Ltd.	371,520,806,417	194,609,277,864
Driftwood Dairy Holding Corporation	6,413,002,938	2,585,744,760
Vietnam Sugar Joint Stock Company	218,820,000	-
Total revenue from sales to subsidiaries	411,458,122,492	207,026,938,734
Associate		
APIS Corporation	302,263,750	300,586,875

2. Cost of sales

	2019	2018
	VND	VND
Total cost of sales		
▪ Finished goods sold	25,024,281,462,101	22,976,816,147,456
▪ Merchandise goods sold	455,661,103,790	424,765,139,166
▪ Costs of promotional goods and merchandise	245,301,554,070	256,520,352,313
▪ Other services	5,421,791,872	5,912,158,188
▪ Operating costs of investment property	4,142,912,174	8,312,398,252
▪ Increase of allowance for inventories	1,559,112,722	3,242,753,650
	25,736,367,936,729	23,675,568,949,025

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3. Financial income

	2019	2018
	VND	VND
Interest income from deposits	702,846,983,082	660,667,152,126
Interest income from corporate bonds	-	10,936,582,192
Dividends	-	20,267,703,508
Foreign exchange gains	35,239,503,728	35,333,003,763
Gain on disposal of financial investment	6,003,184,012	-
Others	28,988,220,673	21,096,737,359
	773,077,891,495	748,301,178,948

4. Financial expenses

	2019	2018
	VND	VND
Interest expense on borrowings	71,983,360,977	20,506,388,664
Interest expense on deposits received	209,154,467	1,309,845,580
Foreign exchange losses	53,540,793,683	31,316,501,553
(Decrease)/increase in allowance for diminution in value of financial investments – net	(12,021,158,860)	12,018,330,638
Payment discounts for customers	16,644,639,654	5,102,194,900
Others	75,161,753	1,982,981,082
	130,431,951,674	72,236,242,417

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5. Selling expenses

	2019 VND	2018 VND
Promotion, product display expenses and sale support expenses	8,694,778,886,617	8,454,949,199,222
Advertising and marketing research expenses	2,082,547,385,353	1,738,399,072,758
Transportation expenses	565,524,787,503	533,976,344,217
Outside service expenses	534,551,026,610	483,371,861,806
Staff costs	353,140,655,219	284,977,111,186
Tools and supplies expenses	72,821,383,341	88,615,914,989
Materials expenses	56,917,677,098	61,059,116,260
Warranty expenses	38,005,435,594	33,050,342,422
Depreciation expenses	23,949,986,864	26,881,930,588
	12,422,237,224,199	11,705,280,893,448

6. General and administration expenses

	2019 VND	2018 VND
Staff costs	391,600,839,916	253,401,807,167
Outside service expenses	258,277,701,324	208,316,159,047
Depreciation expenses	63,307,642,622	65,321,625,200
Per-diem allowances	49,916,320,143	46,159,290,847
Transportation expenses	42,897,711,789	38,420,172,356
Materials expenses	34,836,713,639	28,701,092,727
Loading expenses	30,058,845,129	28,000,035,605
Fees and duties	13,002,294,677	11,751,085,020
Office supplies	7,429,775,801	7,758,050,054
Allowance for doubtful debts and provision for severance allowance	4,502,326,189	1,616,094,891
Bank charges	4,918,484,195	5,197,455,196
Others	64,099,471,292	52,251,570,099
	964,848,126,716	746,894,438,209

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7. Other income

	2019	2018
	VND	VND
Rebate income from suppliers	91,200,000,000	127,151,102,534
Compensations received from other parties	6,090,919,888	6,713,533,550
Tax refunded	4,532,009,470	-
Proceeds from disposals of fixed assets	2,403,645,128	129,220,843,906
Others	14,583,383,419	102,145,431,002
	118,809,957,905	365,230,910,992

8. Other expenses

	2019	2018
	VND	VND
Book value of fixed assets disposed	7,300,784,445	103,633,665,615
Others	91,055,294,632	7,975,233,525
	98,356,079,077	111,608,899,140

9. Production and business costs by element

	2019	2018
	VND	VND
Raw material costs included in production costs	22,199,038,065,321	21,175,737,752,522
Labour costs and staff costs	1,534,500,898,013	1,215,579,368,273
Depreciation and amortisation	1,336,532,604,257	1,107,925,963,153
Outside services	2,241,387,836,049	2,049,877,494,667
Other expenses	11,367,817,588,818	10,786,387,980,607

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10. Income tax

(a) Recognised in the separate statement of income

	2019	2018
	VND	VND
Current tax expense	2,217,172,815,691	1,883,006,377,719
<i>In which: current tax expense relating to taxable income prior years</i>	<i>123,867,447,121</i>	<i>26,933,057,444</i>
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	8,824,253,740	(1,963,502,192)
Income tax expense	2,225,997,069,431	1,881,042,875,527

(b) Reconciliation of effective tax rate

	2019	2018
	VND	VND
Accounting profit before tax	12,311,157,065,455	11,695,152,701,575
Tax at the Company's tax rate	2,462,231,413,091	2,339,030,540,315
Tax rate differential applied to Company's branches and factories	(36,502,738,144)	(25,687,525,570)
Tax exempt income	-	(4,053,540,702)
Non-deductible expenses	14,552,924,827	8,670,144,450
Tax incentives	(323,177,384,303)	(465,030,645,337)
Deferred tax assets not previously recognised	(14,974,593,161)	1,180,844,927
Current tax expense relating to taxable income prior years	123,867,447,121	26,933,057,444
Income tax expense	2,225,997,069,431	1,881,042,875,527

(c) Applicable tax rates

The Company is required to pay income tax at rates ranging from 15% to 20% (for the year ended 31 December 2018: from 15% to 20%), depending on principal activities of its factories, on taxable profits.

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VII. OTHER INFORMATION

1. Significant transactions with related parties

In addition to related party balances and transactions disclosed in other notes to the separate financial statements, the Company had the following significant transactions with related parties during the year:

Related party	Relationship	Nature of transaction	2019 VND	2018 VND
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales of fixed assets	1,069,757,134	232,909,092
		Purchases of goods	1,495,849,392,031	1,323,893,517,444
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	Subsidiary	Sales of fixed assets	43,636,363	27,000,000
		Purchases of goods	285,074,050,500	129,853,625,640
		Capital contribution	260,000,000,000	235,000,000,000
Vietnam Sugar Joint Stock Company	Subsidiary	Purchases of goods	19,033,269,600	26,672,407,200
		Sales of fixed assets	209,000,000	-
Angkor Dairy Products Co., Ltd.	Subsidiary	Sales of fixed assets	123,726,495	1,046,871,844
		Purchases of goods	108,683,092,336	222,878,019,209
		Sales of tools and supplies	-	174,296,810
Lao-Jagro Development Xiengkhouang Co., Ltd.	Subsidiary	Purchases of shares	-	133,538,261,445
		Capital contribution	334,836,789,600	82,098,270,000
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Purchases of goods	366,264,739,197	614,692,993,541
Driftwood Dairy Holding Corporation	Subsidiary	Capital contribution	232,500,000,000	-
Miraka Holdings Limited	Associate	Purchases of goods	71,979,909,120	92,116,872,865
APIS Corporation	Associate	Purchases of goods	86,589,779,905	368,669,693,195
		Capital contribution	-	12,250,000,000
Asia Coconut Processing Joint Stock Company The State Capital Investment Corporation	Associate	Purchases of goods and services	14,275,545,286	41,201,750
		Dividends	3,448,851,092,500	2,612,765,980,000
Members of Board of Management and Board of Directors		Compensation	107,144,571,099	105,156,020,454

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2. Segment information

Segment information is presented in respect of the Company’s primary segment, which is the geographical segment.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling expenses, general and administration expenses, other gains or losses, and corporate income tax.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam (“Domestic”) or countries other than Vietnam (“Overseas”). Segment assets and capital expenditure are not presented since most of assets and production facilities are in Vietnam.

	Domestic (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	2019	2018	2019	2018	2019	2018
	VND	VND	VND	VND	VND	VND
Net revenue	45,596,183,348,109	42,383,251,043,057	5,175,327,186,341	4,509,958,990,817	50,771,510,534,450	46,893,210,033,874
Cost of sales	(23,759,923,513,926)	(21,909,089,820,779)	(1,976,444,422,803)	(1,766,479,128,246)	(25,736,367,936,729)	(23,675,568,949,025)
Segment gross profit	21,836,259,834,183	20,474,161,222,278	3,198,882,763,538	2,743,479,862,571	25,035,142,597,721	23,217,641,084,849

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

30 January 2020

Approved by:



Mai Kieu Lien
Chief Executive Officer